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UNCLAS COLOMBO 001769

SIPDIS

SENSITIVE

DEPARTMENT PLEASE PASS TO USTR - AMB WILLS/JROSENBAUM/DSPOONER;
AMEMBASSY SINGAPORE FOR AMB SHINER; AMEMBASSY BEIJING FOR AMB
SHINER
FOR DUSTR SHINER FROM AMBASSADOR LUNSTEAD

E.O. 12958: N/A

TAGS: [ETRD](#) [ECON](#) [CE](#)

SUBJECT: SCENESETTER FOR VISIT OF DUSTR JOSETTE SHEERAN SHINER
TO COLOMBO

1. (U) This message is SENSITIVE BUT UNCLASSIFIED

2. (SBU) Summary: Post looks forward to the visit of DUSTR Shiner and her delegation for the Trade and Investment Framework Agreement Joint Council talks on October 14 and 15. This is an excellent time to visit Sri Lanka in order to get a better understanding of the economic and political climate. The Peace Process is at a crossroads, with an LTTE counterproposal expected soon. Economic indicators are good and the GSL is in a very forward-leaning mode on trade liberalization and the Doha round. The Prime Minister will head the GSL TIFA delegation and host the meeting during a working lunch at his office. The GSL's top economic priority at this juncture is a FTA with the US and they intend to use this visit to make their case. End Summary.

3. (SBU) Embassy Colombo looks forward to your visit and the opportunity to hold the third round of TIFA Joint Council talks with the Government of Sri Lanka (GSL). Your visit comes at an opportune time:

--The GSL is awaiting the Liberation Tigers of Tamil Eelam's (LTTE) counterproposal regarding an interim administration of the north and east, which will likely set the tone and tenor for the resumption of peace talks.

--The Central Bank released its analysis for the first half of 2003 and indicators are positive, exceeding expectations of earlier in the year.

--In the post-Cancun environment, the GSL is basking in the light of USTR Zoellick's praises, while anti-globalization groups try to pillory them for supposedly ignoring the plight of their developing country bretheren.

--Anticipation of an FTA with the U.S. is high, with Minister of Commerce Ravi Karunanayake publicly assuring Sri Lanka that an agreement will be in place around the time of the expiration of the Multi-Fiber Agreement in January 2005.

4. (SBU) The GSL is anxious about our position vis--vis a Free Trade Agreement. The TIFA talks themselves will take place at the Prime Minister's office over a working lunch. The PM is personally guiding the bilateral trade relationship with the US. You will find a receptive audience to US ideas on Doha, an upbeat assessment on the direction of the economic reform program, hopeful anticipation for next steps in the peace process and a single-minded focus on meeting US requirements for a FTA.

5. (U) In addition to TIFA, you will have a chance to exchange ideas with members of the business community, NGO representatives and labor advocates. You will also visit two state-of-the-art manufacturing facilities and meet with a very forward looking apparel industry working group. President Kumaratunga will be out of the country, but has asked that you meet with one of her key advisors, former Foreign Minister Lakshman Kadirgamar.
LUNSTEAD